




Department of Human Resources

INTER-OFFICE COMMUNICATION

Date: October 27, 2022

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Tony L. Maze, Director of Benefits Administration, Department of Human Resources 

Subject: **Report from the Director of Benefits & HR Metrics, Department of Human Resources, requesting authorization for a three-year extension with UnitedHealthcare and Optum Rx for Third Party Administrative (TPA) services for Milwaukee County and Milwaukee County Transit System (MCTS) through December 31, 2025**

File Type: Action Report

REQUEST

Milwaukee County's current contract with UnitedHealthcare for TPA services for the Milwaukee County and Milwaukee County Transit System health plan and UnitedHealthCare's subsidiary, Optum Rx, for Pharmacy Benefit Manager current contract expires on December 31, 2022.

United Healthcare

- No change in medical plan administrative fees over current for 2023.
- Negotiated a 2% increase in medical plan administrative fees for 2024 and 2025 instead of paying 6% per year.
- Nurse liaison program provided at a discounted rate for Milwaukee County and MCTS, if they elect to use this service over the term of the agreement.
- Provide a list of optional services that are currently purchased by each organization, the current cost of those services and the rates that will apply over the term of the agreement to each organization that purchases or may purchase such services in the future.
- Provide a list of services available today but not purchased by any of these entities, the current cost and the cost if they are purchased by any or all the entities during the term of the agreement.
- Work with Milwaukee County and MCTS to explore ways to better engage and manage high-cost claimants and other members identified by your predictive modeling that might become high cost.
- Agree to process claims for the existing Milwaukee County clinic and the clinic claims of the other organizations during the term of the agreement at no cost.

Prescription Drugs:

1. Rebates – We were able to negotiate an additional \$4.6 million in rebates per year through 2025.
2. Discounts - discounts are generally expressed as a percentage off of actual wholesale price (AWP). This should be a fixed amount that is published by a single source. However, there is latitude with respect to how discounts are calculated. To the best of our ability, we have leveled the playing field on discounts.
3. Dispensing fees - under a traditional arrangement these typically represent the average amount which is passed on to individual pharmacies. These can also be manipulated via offsets from other revenue sources such as rebates and “spread.” Spread is the difference between the contracted guaranteed amount and what is actually reimbursed to the pharmacies.

ALIGNMENT TO STRATEGIC PLAN

Describe how the item aligns to the objectives in the [strategic plan](#):

- 1A: Reflect the full diversity of the County at every level of County government
UHC and Optum RX uses its tools and profession personal to ensure the County is receiving the best price and plans for all purchased services
- 1B: Create and nurture an inclusive culture across County government
All services contracted services are made in consideration of all County Employees
- 1C: Increase the number of County contracts awarded to minority and women-owned businesses
- 2A: Determine what, where, and how we deliver services to advance health equity
UHC and Optum RX has consistently demonstrated strong knowledge of the local health care provider and insurance market, as well as the Wisconsin regulatory environment.
- 2B: Break down silos across County government to maximize access to and quality of services offered
UHC and Optum RX has consistently demonstrated strong knowledge of the local health care provider and insurance market, as well as the Wisconsin regulatory environment.
- 2C: Apply a racial equity lens to all decisions
All services contracted services are made in consideration of all County Employees
- 3A: Invest “upstream” to address root causes of health disparities
- 3B: Enhance the County’s fiscal health and sustainability
Both UHC and Optum RX has provided services to the County for several years and has agreed to continue to provide Milwaukee County and Milwaukee Transit with additional savings and minimal increase in fees
- 3C: Dismantle barriers to diverse and inclusive communities

TERMS

Milwaukee County will continue to utilize the same account team. All contract terms remain the same with exception of the 2% increase in years 2024 and 2025 for UHC administration fees and the \$4.6 million in rebate savings with Optum RX, with the

VIRTUAL MEETING INVITES

tony.maze@milwaukeecountywi.gov

PREPARED BY:

Tony L. Maze, Director of Benefits Administration

APPROVED BY:

Tony L. Maze, Director of Benefits Administration

ATTACHMENTS:

Resolution

Fiscal Note

cc:

County Executive David Crowley

Mary Jo Meyers, Chief of Staff, County Executive's Office

Margo Franklin, Chief Human Resources Officer

Margaret Daun, Corporation Counsel

Supervisor Liz Sumner, Chair, Finance & Audit Committee

Supervisor Willie Johnson, Jr., Chair, Personnel Committee

Scott Manske, Controller

Stephen Cady, Comptroller's Office

Aaron Hertzberg, Director, DAS

Janelle M. Jensen, Legislative Services Division Manager, Office of the County Clerk